ecember 20, 1961

Investor's Reader

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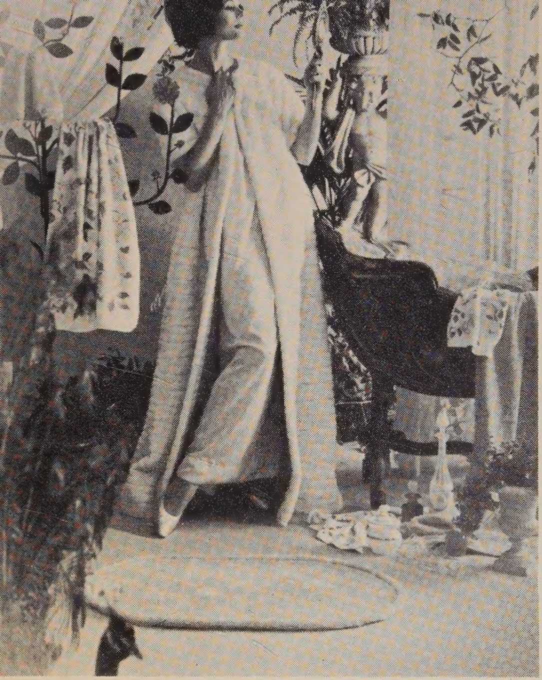
NEW SEED AT ANDERSON, CLAYTON (see page 14)



NOEL AT NEIMAN'S

In what shapes up as th biggest Yule season ever— nationally, sales are expec ed to top last year by a least 4% though for man stores this may not full make up for the early-196 lag—Dallas specialty re tailer Neiman-Marcus offe its customary wealth o shopping suggestions. Th floor-length Canadian e mine bathrobe priced $6,975 (tax included) featured in Neiman's 196 Christmas catalog whic however is "more austere than last year's when "H & Her" Beechcraft airplan were suggested (but n sold).

As a further shoppin aid, the world renowne store has installed an electronic "Gift Advisory" service. An IBM 1401 com puter asks for vital statistics (age, sex, hobbies but no phone numbers) an proposed price range, then prints ten gift suggestions from a list of 2,20 items. (John Wanamaker followed with an IBM Ramac 305 in its Philadelphi store which is expected to answer what-to-buy inquiries for more than 40 000 Christmas shoppers.)

Such gala promotions along with emphasis "on quality—then price have helped the swank family & home outfitter emerge as the Southwest center of fashion and quality. Now in downtown Dallas, suburb Presto Center and Houston, Neiman-Marcus will open a $2,200,000 store outsic Fort Worth in Spring 1963. Established in 1907 by Herbert Marcus, his sist Carrie and her husband A L Neiman, the store is run by Herbert's son Stanley is president, Edward executive vp and Lawrence senior vp & secretar

Neiman's highly personal service ("our greatest single asset") has broug it many devoted customers with 85% of sales made on charge account Because of the recession and "limitations put on the oil industry last year sales dipped 3% to $40,100,000 and profits fell 39% to $745,000. B sales recovered 2% in the nine months through October and net incom gained 65% to $623,740. President Stanley expects "the current year profits, while not a record [the high was $1,180,000 in 1959], should b most satisfactory."

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Investor's Reader

No 13, Vol 37 December 20, 1961

BUSINESS AT WORK

ALL STREET
ne Billion Shares

WITH THE YEAR almost over, it is a sure-fire bet volume of ading on the Big Board will cross ne billion shares, the highest for ny year since fabled 1929 with 1.1 illion. However the relative trading ace is now slower since there are even billion shares listed today comared with barely one billion a third f a century ago.

xtra Dividends for Xmas

HERALDING a better business outlook is a large number of exa dividends paid by publicly owned ompanies in recent weeks. This ovember's 295 extras topped last ear's 274 with promise of another ear-to-year gain in December. hough last month's total was short f the 355 in November 1959 it reersed a ten-month trend in which 92 companies had given extras ompared with 574 in 1960.

The spurt started when General Motors awarded its 840,000 stockholders a first-in-six-years 50¢ extra atop the regular 50¢ quarterly. Although nine-month earnings were down to $1.83 a share from $2.45, the company expects an excellent last quarter. For 1962 GM executives talk of a hefty 7,000,000-car year.

With duPont still holding its 22% of GM stock, benefits of GM's generosity continue to be passed on to duPont's 211,000 shareholders. They are receiving a $3 a share year-end extra, about 63¢ of it from GM. Last year duPont's extra was only $2.25.

Other current extra payers which made no such distribution a year ago include Socony-Mobil with 25¢, Eli Lilly 50¢, Republic Aviation 50¢ followed by a 2-for-1 split and McCrory 10¢.

Many companies raised their extras. Sears Roebuck regularly gets about 35% of volume from the fourth quarter, sees such a good one this year that directors raised both

the regular and the extra by 5¢ to 35¢ and 25¢ respectively. Zenith split its stock 3-for-1, raised its regular quarterly 20% and year-end extra 10%. General Tire will split 3-for-1 in April and boost its rate by 20%.

The number of companies which raised the regular dividend was also up during November to 140 *v* 109. For the first ten months dividend raisers had fallen to 643 against last year's 810. Stock splits, often accompanied by increases in the dividend, topped 400 by November, about 25% ahead of last year.

Among companies feeling wealthy enough to raise payouts was Boeing which upped its dividend a dime to 50¢ after nine-month earnings totaled \$3.27 *v* \$2.03. Northrop, Clevite, Xerox also raised theirs. Burlington Industries which sliced its June payment a dime to 20¢ restored a nickel of the cut for December. American Home Products set its payout after a 3-for-1 split at 12¢, up 20%, but left its extra unchanged.

Disappointments have been minimal. November decreases and omissions totaled only 32 *v* 67 last November after a ten-month period of 361 downward changes against 237 in 1960. But recent sufferers include Wheeling Steel, Federal Pacific Electric, Western Maryland Railway and International Shoe.

While total favorable dividend changes of publicly owned companies through November came to only 1,687 as against 1,875 a year ago, the results of last month have narrowed a bigger gap. And gap or no, the New York Stock Exchange reported a nine-month cash dividen[d] record of \$7.4 billion, the nineteent[h] consecutive year a new peak ha[s] been set. This of course is partiall[y] accounted for by more listings (IE[R] December 6) plus more shares ou[t]standing by companies already o[n] the Big Board.

All told the senior exchang[e] boasted 998 payers in the nin[e]-month period out of the 1,134 listed. Best showings were made by th[e] utility, petroleum & natural gas an[d] chemical groups.

UTILITIES

Central Hudson Flows

IN HIS spacious office overlookin[g] the Hudson in Poughkeepsi[e] Lelan F "Lee" Sillin Jr happily r[e]views a successful first year as pre[s]ident of Central Hudson Gas [&] Electric Corp. With nine-month earn[]ings up 4% to \$1.21 a share, he esti[]mates record profits of \$1.55 a sha[re] for 1961 *v* \$1.47 a year earlier.

Trained in the law, husky L[ee] Sillin, 43, came to Central Hudson [in] 1951 (he had worked for the com[]pany's general counsel since leavin[g] the Marines in 1945). A year ag[o] September he succeeded Ernest [] Acker, now chairman, who had bee[n] president since 1932. Lee Sillin [is] proud of the company's resilienc[e] in standing off the recession whi[le] posting its 13th successive year [of] increased share earnings.

Over the past decade revenu[es] have more than doubled, earnin[gs] have more than tripled and div[i]dends have been raised in all but tw[o] years. Latest hike: from 25¢ to 2[] quarterly in November. Part of th[e]

dividend (34% last year) is a "return of capital" not taxed as ordinary income. The 3,370,000 shares held by 19,500 stockholders now sell around 37 on the Big Board after a fourfold gain in a decade, a doubling in the past two years.

Lee Sillin sees Central Hudson as a "medium-sized" utility (last year's revenue was \$36,000,000 *v* neighbor Con Edison's \$622,000,000) but "capable of serving all our needs."

Central Hudson has been a producer of electricity for only a decade, previously bought all its juice from Con Ed. Now it has four power plants with a capacity of 342,000 kw. Last year's peak load was 241,000. It also recently acquired a 768-acre property 22 miles north of Poughkeepsie. The site includes Cruger's Island (connected by causeway) which should take care of company needs far into the future since it could handle up to 2,000,000 kw in eventual generating capacity — six times the company's present output. President Sillin notes "we are in a position to defer installation of [any] new capacity until 1966."

When Central Hudson decided in the early Fifties to produce electricity INVESTOR'S READER reported then-president Acker "hoped someday to sell to Con Edison," the former supplier. Now Central Hudson is in a "party pool agreement" with Con Edison, Orange & Rockland Utilities and Long Island Lighting, a common industry practice which enables the companies to take advantage of their varying seasonal peaks and exchange power. And the first nine months of this year Central Hudson sold 145,000,000 kwh to Con Edison under the interchange system while buying 610,000 kwh.

Responsible for a large part of Central Hudson's success is its fortunate location. The company serves a 2,500-square mile area from ten miles south of Albany to 40 miles north of Manhattan. Population in the area has increased 27% to 400,000 over the past decade *v* 18% for the rest of the county. Moreover the area benefits from the 1954-opened New York Thruway. It will also gain from a \$12,000,000 north-south arterial highway through Poughkeepsie to be opened in 1963 which will connect with the Mid-Hudson Bridge; also from the Newburgh-Beacon bridge to open in the same year which will carry east-west Interstate Route 84 through the southern edge of Central Hudson terrain.

Attractive Locale

As a result of these and other highway connections, the once predominantly agricultural area has attracted "firms which want to get out of the hubbub of the city." IBM which has had its Data Processing division in Central Hudson's service area since 1941 now employs 14,000 there, plans to hire more for new additions in the coming year. Others in the area include divisions of duPont, Rotron Manufacturing, Texaco, Alpha Portland Cement and Western Printing. And Lee Sillin, a lover of the outdoors (his wife rides in local hunts, he just rides), points out the "attractive living conditions in the valley have helped draw skilled personnel."

Far from satisfied with its success,

Power planners Sillin & Acker

Central Hudson plans an aggressive program to keep pace with the needs of the area whose population the New York Regional Plan Association expects to double again by 1975 from current levels. Part of the management program is to promote the area around Central Hudson as an ideal place in which to live and do business.

It also tries to build business under the industry banner of "Live Better Electrically." To encourage electric house and water heating Central Hudson has since mid-1960 offered reduced rates to customers using over 400 kwh a month. Illustrating the all-electric life is a house built in Rhinebeck (15 miles north of Poughkeepsie) which besides electric heating includes everything from an electric toothbrush to an electric car in the garage.

Even more recent is an electric heat pump being installed in a shopping center in Newburgh which will provide heat, light, air conditioning and refrigeration for a 210,000-square foot building. The pump will take "waste heat" from coolers and frozen food cases and use it for space
heating. This concept is be
ing promoted in areas wher
gas is not readily availabl

However Central Hudso
is also an active natural ga
promoter in the 600-squar
mile, 271,000-populatio
portion of the area where
distributes the fuel. Thoug
primarily an electricity sup
plier, the company get
18% of its revenues fro
gas, most of which is pipe
in by Tennessee Gas Transmissio
and Columbia Gas. It also has sma
stand-by manufacturing facilities
fill in at peak periods.

Looking far ahead, Central Hudso
has joined in several utility study
research programs since the 19
Atomic Energy Act first permitte
industry ownership of nuclear r
actors. It now participates in Empi
State Atomic Development Assoc
ates which has a three-pronged co
tract with General Electric, Gener
Atomic division of General Dyna
ics and just last month with Atomi
International division of Nort
American Aviation to conduct a
atomic research & development pr
gram. So far Central Hudson ha
contributed or pledged $1,500,00

In summing up, while puffing o
his pipe, the president terms Ce
tral Hudson a "dynamic organizati
alert to opportunities." He cite
"Management is conscious of wh
happened to the railroad industry
while gas and electricity have e
joyed prosperity recently, railroa
had prosperity in another era. W
take it as a challenge not to becom
complacent."

)ODS

es, Betty, There is a You

A GELESS Betty Crocker (born on radio in 1924) has symbolized eneral Mills in the American home ice the diversifying food giant's rly-Wheaties era. General Mills ow receives 5-to-6,000 letters onthly for Betty, all faithfully an- vered by eight correspondents nore will be added). All told, Betty represented by a 60-woman de- rtment, including 27 home eco- mists.

This year the General Mills fam- has gained a live Betty Crocker, California miss who became one of e 23,500 stockholders. Appropri- ely, the real Betty spends most of r time servicing housewives—as omen's Representative of the Secu- ty-First National Bank in Los An- les.

OREIGN FRONT

ondon Grocers Supermarkets

THE AISLES of a Victor Value supermarket in Britain make a S visitor feel uncannily at home. rrangement, self-service, pushcarts ith seats for the kiddies and even nned music are all the same. On e shelves are such familiar items Kellogg's Corn Flakes, Ajax, the aming cleanser, and Kraft Dairy- a cheese spread. It takes a few signs ointing to Smedley's steak & kidney e ("3 shillings, cut to 2 shillings, pence") or Dairyglen digestive veetmeal biscuits to remind the vis- or he is in Britain.

Victor Value stores are operated y London Grocers Ltd which is one f the leaders in the intriguing business of adapting the US supermarket to British tastes and habits. The London Grocers chain now has over 220 shops of which 35 are supermarkets. The March acquisition of Swettenhams Ltd, a North Midlands chain, brought in 42 of the branches.

Chief adapters are joint managing directors Alex (age 58) and Morris (age 49) Cohen, brothers, and Alex's son Neville (age 28), also a director. Despite the name, headquarters are not in London proper but just out side at Waltham Cross in Hertfordshire. Here the company has a 90,000-square foot meat plant and warehouse now being doubled along with its offices. Some of the cooked meats carrying the Dairyglen tradename which are marketed through Victor Value stores are processed at this plant. Other Dairyglen items are bought.

Known in the office as Mr Alex, Mr Morris and Mr Neville, the Cohens are the second and third generations of their family to run the business. It was started in 1932 by William Cohen with a single store. It was intended as a general bazaar selling inexpensive hard goods as well as food. But in those days only the food sold well and the Cohens found themselves grocers by necessity.

Over a cup of tea and some Dairyglen biscuits in his office, Mr Morris says: "Basically people are the same —they want the best possible value from a store." However he adds: "I believe the British housewife is rather more discerning than the American. She's more used to shopping in more than one place and

comparing prices carefully. And there's less pressure of advertising here."

Persuading the British housewife to do all or most of her shopping under one roof is the biggest job for London Grocers and other British supermarkets. These include Associated British Foods and Tesco Stores. And a newcomer will be Safeway Stores which has established a British subsidiary. Daily shopping complete with visits to the butcher, the fishmonger, the fruiterer and the greengrocer are still very much the style and many housewives have stuck by their local merchants through depression, war and austerity and are not about to abandon them lightly.

Another problem for the British supermarket is obtaining enough real estate for large parking areas. Som newer installations will have spac for up to 200 cars (European size but the Victor Value store neares Waltham Cross headquarters ha space for only 30. To solve this prob lem the store stays open late Frida nights.

Having quite a small refrigerat or none at all, the British housewif does not buy large supplies of foo Morris Cohen remarks she shops tw or three times a week, even at the ne supermarkets.

But London Grocers has mad headway by stressing the time-teste virtues of the supermarket. The stor set low profit margins, buy in larg quantities and seek high turnove The customers get low prices an "Victor Values." Mr Morris state "We reckon the average housewi

One-stop shopping in Britain

trading with us can save 15 shillings [$2.10] a week or £40 a year."

While offering savings to housewives, London Grocers has profited. It became a public company in 1946 when William Cohen retired. At that time in spite of the traumatic Thirties and the war, the chain had grown to 42 stores. Profits before taxes have increased every year since 1946. Last year they reached $1,960,000 from $1,430,000 in 1959. Turnover figures however remain a secret as is frequent in British corporate practice.

Also as is frequent in British practice the company has a rather vast number of shares outstanding: 15,050,000 of ordinary A non-voting stock plus 2,700,000 voting shares. Both have the same dividend rights.

The heavy stock capitalization also puts many British stocks in what to Americans seems like an extremely low-priced category—though these prices do not offset the comparative slowness of transfer and lack of liquidity in the British stock market which has relatively less public participation than its US counterpart. Typical prices for ADRs include around 5⅛ for Elliott-Automation (IR, November 22), 2¼ for British Motors, 2¼ for Borax Holding and ¼ for Rhodesian Selection Trust. In the case of London Grocers the American Depositary Receipts for A shares trade around $2.55 bid, $2.65 asked. Adjusted for a number of stock dividends and splits, a comparable share would have sold for just 9¢ in 1957. The company has declared a stock dividend each year since 1952 and also increased its dividend each year in that period.

En route to its present supermart status London Grocers first tried self-service at some Victor Value stores in 1948 with indifferent success. The idea was shelved until 1952 and seriously pursued since. The increasingly large self-service stores reached supermarket level about three years ago. Now Victor Value will not consider starting a new store under 5,000 square feet (the size of a tennis court), is aiming for some in the 15-to-20,000 range. The average new US supermarket is about 200,000 square feet.

Despite its growth London Grocers has been largely confined to Southern England and the Midlands. However the Swettenham acquisition now gives it a warehousing and distributing plant able to supply Northern England and in addition provides a line of baked goods.

Discount USA

An even more decisive move into new areas is the company's entry into the discount house field. London Grocers has opened a 12,000-square foot store ten miles outside London in Romford, Essex which will be two-thirds non-food items. Five more discount houses are on the way for 1962, part of the 20-store overall expansion planned by the end of next year. Items sold include men's, women's & children's clothes, toys and books. The Cohens make no secret of their source for such ideas. Says the annual report: "Your managing directors have recently returned from the United States of America where they paid particularly close attention to the development of this

type of trading in the United States and also in Canada."

Reviewing the total London Grocers operation, Mr Morris says quietly: "We believe the progress we've made can be steadily maintained in the same proportions."

SALT
Diamond's Diamond Year

THE 75th anniversary celebration of $17,800,000-assets Diamond Crystal Salt Company of St Clair, Mich is led by Charles Freeman Moore. He is the namesake & grandson of the farmer and lumberman who together with his brother founded the business in the little town overlooking the St Clair River and Canada, 50 miles north of Detroit.

It took six years for Diamond's first profit to crystallize. One reason: the then-infant Alberger salt-making process, which uses very high temperatures to produce an extremely pure, flake-type crystal, was not as economical as founder Moore had hoped. But the Alberger process eventually proved itself and today this premium-priced salt accounts for two-fifths of Diamond sales.

By 1929 the company was run by founder's son Fred W Moore who, in addition to his own family, had to support four widows as well as four unmarried sisters and cousins. He felt this responsibility "was more than he cared to assume" and to diversify his holdings sold out to General Foods. Part of the purchase price was 100,000 "GF" shares which by the time the transfer was completed had plunged from 70 to 42 (present equivalent price: 400).

Fred's son Charles Moore recalls: "I graduated from the University o Michigan in 1930, the year after m father sold the company. Of course was very disappointed." Charlie wen to work as a General Foods salesma and six years later returned to Diamond Crystal in St Clair as a sale correspondent.

In 1945 General Foods bought an other company much like Diamon Crystal, Colonial Salt of Akron. Bu "General Foods never made muc money on salt." Explains Charl Moore: "They only looked at th table salt end of our business whic is a small part—6% of our total to nage." Most Diamond Crystal sal are to food, animal feeding, chemic and other manufacturing industri as well as to government agenci for snow & ice removal.

In 1953 GF decided to sell the a sets of the Diamond Crystal-Coloni Salt division. By then Charlie Moo was general manager and he & h family "mortgaged what we had an for approximately $4,000,000" r purchased the assets of the divisio Salt man Moore chuckles: "I felt lik I was sitting on both sides of the de negotiating with myself. I knew had to protect GF interests as well those of my family."

But the 55-year-old executive "a ways knew the business could b profitable. It was a matter of runnin it as a processing operation." One the new president's first actions wa to return the plant to a seven-da week from a five-day basis. Th "tended to reduce costs but more im portantly to improve quality of th products."

In the first three years under Charlie Moore, Diamond Crystal netted a total of $2,700,000 or more than in all the years under General Foods put together. Modest gains in most succeeding years culminated with record profits of $1,500,000 in the March 1961 year on sales of $26,-600,000. But more stock outstanding cut earnings to $1.35 a share from $1.44 in fiscal 1959/60.

This July Diamond Crystal gained its first public stockholders since General Foods days. The Moores & associates, who still retain 813,000 shares, sold 300,000 at $23. The stock pays 10¢ quarterly and president Moore allows: "There is a possibility of a small stock dividend at the end of our fiscal year." The stock never matched its offering price, currently trades over-the-counter at 17.

The indifferent stock action has accompanied an unimpressive financial showing so far this year. In six months ended September net sales climbed barely 1% while earnings tumbled to 42¢ a share from 61¢.

President & chairman Moore explains: "This last year the Great Lakes area had a very mild Winter," hence lower rock salt sales. The year before, salt buying extended well into Spring. Moreover, "we've had three substantial expenditures: 1) added research & development, 2) our 75th anniversary expense and 3) additional advertising" including the introduction of a new symbol.

Charlie Moore stresses "activities like that pay off in the long run." He is not yet "accustomed to living with the public" and will not hazard a full-year prediction.

The last half of the year covers Diamond Crystal's big season but this Winter's profits might be chilled. Executive Moore figures: "Snow & ice rock salt prices have deteriorated to almost the lowest point I've ever seen." Along with bigger competitors Morton and International, No 3 producer Diamond Crystal has been indicted for alleged conspiracy to fix rock salt prices. Charlie Moore states: "There has been no agreement made between Diamond Crystal and other members of the salt industry. Identical bids * * * have occurred because of the natural functioning of our competitive system." Snow & ice salt accounts for 7% of Diamond Crystal's business.

Rock Salt in the Bayou

Diamond moved into rock salt just five years ago next month when it acquired Jefferson Island Salt of Louisiana. Since then rock salt has accounted for most of the 45% Diamond net sales gain since fiscal 1956/57.

In the Spring of 1963 Diamond Crystal will lose one of its biggest customers when giant grain merchant Cargill Inc opens its own rock salt mine at Belle Isle, La near Diamond's Jefferson Island mine. Last year Cargill accounted for 4.5% of Diamond net sales.

Diamond has two new rock salt contracts: 1) a three-year deal started this Summer to deliver 250- to-300,-000 tons annually to Monsanto and Diamond Alkali; 2) a minimum of 125,000 tons a year ("I think it will grow to twice that") starting in Spring under a long-term contract for Olin Mathieson's new chlor-alkali

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ost lakefront timber properties. Len Pierce states: "This land is ideal for camping sites and recreation grounds so we should be able to sell it profitably."

Along with its timber pruning Brown has also thinned its dense product mix. Last year it discontinued five non-profitable segments: softwood sulphite market pulp, hardwood lumber, softwood lumber and two minor items—metal ends for paper cores and a specialty fertilizer made from chemicals and waste bark.

Even with this deletion Brown offers a wide array of products. The company releases no sales breakdown but chief emphasis is on paper, part of which Brown itself converts into towels. Brown also sells substantial amounts to other converters who turn the paper into food packaging, masking tape, decorative and laminated plastics, abrasive backing papers and battery separators. In addition Brown produces offset paper, salesbook bond and paper for the printing industry. Most of these items are marketed under the Nibroc label.

In the past two years Brown broadened its paper making facilities to which it allocated three-fourths of its $3,200,000 capital expenditure budget in fiscal 1961. For fiscal 1962 the company plans "a substantial increase in capital spending with major items a new $1,600,000 tissue machine, new head boxes and complete overhaul of small paper making machinery, also a fair amount of dough to improve pulp handling facilities."

Towel production is also scheduled for expansion. This year Brown, which sells only to industrial and institutional users, introduced roll towels to supplement its line. Brown also offers a special size Nibroc towel for dairies; it is called Kowtowl.

Another important operation is plywood. Brown now has 25% of its plywood business in prefinished plywood and president Pierce feels "this is a field which will grow—we're devoting more & more of our efforts to it."

But plywood also presents problems. Besides price weaknesses and a relatively low level of housing starts, there is increasing competition from imported plywood. President Pierce points out Philippine mahogany is becoming an increasing burden. It can be imported below the cost of domestic wood and easily prefinished with a laminated paper grain. The selling price is far below genuine plywood.

Philippine Joiner?

But Len Pierce is not disgruntled. With typical Yankee shrewdness, Aroostock County native Pierce concedes he is "about to talk with a man from the Philippines just on this problem." President Pierce is reticent on any details but presumably if an agreement could be worked out for a "product in keeping with the traditional high quality of Brown products," perhaps Brown would market a mahogany-type plywood.

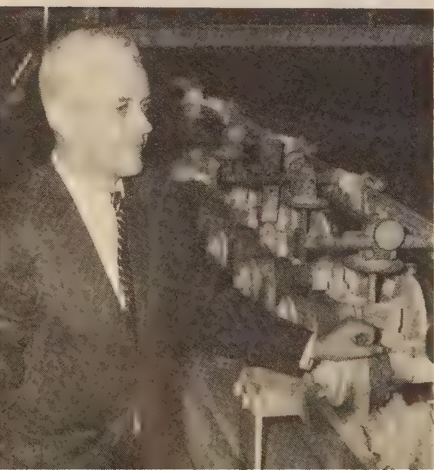
Another "major area of Brown operations" is the Bermico division. It makes sewer pipe and connecting fittings out of tough cellulose fiber impregnated with pitch. The latter are used as house connections to

sewers and septic tanks. Bermico offers, in addition to regular pipe, a complete line of perforated pipe for septic tank disposal fields as well as land drainage on farms, golf courses, marshlands, industrial highways, airports and railroads. It also makes electrical conduit.

Brown's wide product line is filled out by Onco, a pulp material used as innersole liners in shoes; chemicals like chlorine and soda bleach; synthetic resins for putting "wet strength" into towels, wipers, etc; adhesives for bonding plywood and furniture and polyester resins for molded reinforced plastics used in boats, fishing rods and certain automobile parts.

Yet another Brown area is contract research. President Pierce comments: "I felt for a company our size we had far too large a research setup. But rather than disband a good thing I felt it could be made profitable. Now on a contract basis we'll take on a papermaker's problem. Our facilities include a pulp pilot plant with both batch and Pandia continuous digesters and a production-sized experimental paper machine."

Pierce views towel making



One Brown product which Len Pierce adamantly notes "has been way overplayed" is edible cellulose. It is "similar to American Viscose's Avicel" but it lacks its chemical adaptation. Len Pierce relates: "We've had this cellulose for about 15 years. Most of the original patents on cellulose development are attributed to Brown. I got kind of interested in it and asked the company cook to make up some cookies. They weren't so bad. Then at a director's meeting I presented two cakes —one all flour, the other 50% cellulose. You just couldn't distinguish between the cakes. The directors were thoroughly impressed." Some Wall Street publicity, which happened to follow close after a *Reader's Digest* story on Avicel, pushed Brown's stock up 2¾ points in two days last September — and since Brown was then selling at 14, this seemingly minor rise represented a 20% jump in its price. Lately the stock has been back around 13.

President Pierce emphasizes Brown's growth is going to depend on its established business: paper towels and plywood. He warns: "Don't judge us on this cellulose thing; we see no addition to earnings from edible cellulose this year or next—though perhaps in the future." If there is to be further development it will not be in the food field. "If you take our cellulose product one step further you get carboxymethal cellulose which can be used in detergents to make water viscous (the water will tend to retain dirt rather than let it be redeposited on dishes or

clothing) and as a sizing in textiles for stiffening."

In Brown's basic business, Len Pierce points out "pricing in paper is beginning to firm and is more stable than in the last seven months. There's hope for a price increase." But in plywood "the outlook is not as good."

President Pierce also notes "Brown's strong cash position of $7,-300,000, no short term debt and only $4,000,000 in long term notes." He feels "with any kind of luck at all we'll be able to cover our expanded capital expenditure program from retained earnings and depreciation."

In 1959 the 8,500 holders of the 2,600,000 Brown common shares received 30¢ in dividends. But last year "it was the opinion of the board of directors that the interests of the stockholders were best served by using the earnings in the business."

Last month the company ended the dividend drought with a 10¢ payment. But Len Pierce emphasizes this does not necessarily indicate any regular future payments; "this will depend on how things go."

NATIONAL ECONOMY

Bigger & Bigger

THE NUMBERS grow so big so fast people sometimes forget the past. Last fortnight the *New York Times* reported Grumman Aircraft Engineering has just received a Navy contract for $67,907,000 for Hawkeye superfighters. The item seemed so ordinary the paper printed only five lines about it. Yet Grumman sales for a whole year were $60,000,-000 as recently as 1949.

WE HEAR FROM . . .

Movie Millions

NEW YORK CITY

GENTLEMEN:

How did the movie rights for Camelot change from $1,000,000 on page 3 of your November 22 issue to $2,000,000 plus percent of gross at the flip of a page?

Very truly yours,
RUDOLF F GRAF

No quick capital gain, just a typo. Page 4 was right; Warner paid $2,-000,000.—*Ed.*

Sonobuoy Surge

JACKSON, MICH

GENTLEMEN:

Your November 8 [story on oceanography] was brought to my attention, as Sparton Corporation was included with many other companies who were in the anti-submarine warfare military field.

I believe you would like to correct the inference made in one * * * statement that Sanders Associates, Hoffman Electronics and the Electronics Division of Sparton Corporation have a total of over $5,000,000 in contracts for the production of Sonobuoys.

Sparton Corporation alone has contracts on hand for in excess of $20,000,000 with Sanders, Hoffman and Magnavox each averaging approximately the same backlogs. Present Sonobuoy contracts outstanding with the Navy must be in the area of $80-to-100,000,000.

Very truly yours,
JOHN J SMITH, President
Sparton Corp

Asarco Age

NEW YORK CITY

GENTLEMEN:

I wish to compliment you on the story about Asarco and the Mission Mine in the December 6 issue. Your figures are generally accurate except that you have overstated my age a bit but that is a matter of small consequence.

Very truly yours,
J D MACKENZIE, Chairman & President
American Smelting & Refining Co

Apologies to reader MacKenzie, an active, alert (and obviously amiable) 63, for typographically aging him two years.—*Ed.*

Anderson, Clayton Weaves New Pattern

Worldwide Cotton Dealer Switches Emphasis from Merchandising to Manufacture

Although everybody considers us cotton merchants, other activities, particularly those related to cottonseed and other vegetable oils, are our real business now.

SO STATED Anderson, Clayton & Company president S (for Samuel) Maurice McAshan Jr recently at company headquarters atop Houston's Cotton Exchange Building.

A decade ago top international cotton merchant Anderson Clayton handled 15% of the US cotton crop and its "ACCO" mark could be found on one out of every twelve bales produced throughout the world. But US Government price support policies which severely curtail the "free flow of cotton" have been rapidly nudging the merchant out of the marketplace. Also, since War II the "entire net increase in worldwide use of textile fibers has gone to synthetics." In the US, in fact, cotton fiber use has actually declined 6½% since War II while total fiber use rose 9%.

For these reasons, 57-year-old McAshan notes, there has been a gradual "change in emphasis" in Anderson Clayton operations. While commodity merchandising (which includes handling green coffee as well as raw cotton) still contributes slightly "bigger volume" than processed and manufactured products, these "industrial operations" bring in "at least" 75% of profits.

With assets close to half a billion, Anderson Clayton (initialed "AYL" on the Big Board) is known as "The Big Store" in English speaking countries and La (Casa) Clayton in Latin America. Its foreign business is extensive. Over the last ten years, overseas & domestic operations have "averaged 50-50."

In its increased attention to industrial operations Anderson Clayton has built substantially upon its cotton knowhow. The larger of its two basic industrial groups consists of activities "directly related" to cotton: ginning, warehousing and cottonseed milling. The milling extends to other oil seeds such as soybeans and peanuts which are also considered "big items" for AYL. The company operates 362 cotton gins, 44 oil mills, 32 warehouses and six refineries scattered across the Southern US and Latin America; they represent roughly one-third of company volume.

While these operations continue "to be profitable," Texan McAshan notes the rapid growth of co-operatives has dented domestic ginning and oilseed activities. Because of their preferential tax status, the co-ops have expanded rapidly and can "hire good men at high salaries." Maurice McAshan frankly states: "Co-ops have been steadily growing in areas where we operate and now, as a whole, do more business in the US than we do."

The second category of The Big Store's industrial operations follows the processing path a step farther. It covers the manufacture of products with which the company "ha

become familiar through the operations of oil mills." These activities have been further expanded "into the handling of related products" including insecticide mixing installations in Mexico and fertilizer plants in Brazil. AYL now uses edible oils to produce shortenings, margarine, salad & cooking oils, also compounds oilseed meals with grain and other materials into animal feedstuffs. It also produces carefully hybrid seed for cotton, sorghum (see cover), soybean and sundry other crops. Both feed and seed are sold in the US under the "Paymaster" label (Pagador in Latin America).

AYL started in the edible oil products business nine years ago when it acquired Mrs Tucker's Foods (IR, July 24, 1957). It markets these items throughout the Mid and Southwest. President McAshan sees the foods division expanding to other "grocery and food store items which are somewhat related in distribution." The bespectacled executive comments: "There's no sense in diversifying for diversification's sake. We're sticking to fields with which we have some connection." He conservatively notes "slow and hard growth — nothing spectacular is planned. We have no thoughts of going out and buying an electronics company."

La Clayton recently expanded its food activities in Latin America where it already has five finished products plants. In August its Mexican subsidiary purchased for $200,000 the assets of prepared foods maker Pronto SA of Mexico City. Though Pronto is small now, Maurice McAshan promises "we are going to make something out of it."

Cotton man McAshan

Also this Summer the Brazilian subsidiary purchased a controlling interest in Rio soft drinks bottler Companhia Refrigerantes Guanabara, local licensee for Grapette sodas and other soft drinks. Distribution is currently limited to the Rio region but Clayton plans eventually to sell Grapette throughout Brazil.

Although Anderson Clayton plans to concentrate more & more on its industrial operations if the Government continues to usurp the merchant's function, president McAshan avows: "We will continue as cotton merchants in some form since you have to be in the cotton business if you are in the cottonseed business."

The Big Store still buys & sells for its own account but merchandising

activities "have been modified" to center on financing the cotton producer, classifying the various grades and warehousing for textile mills. AYL similarly finances some Latin American producers for whom it also merchandises coffee.

In the US, Houston-born, Princeton-educated (Class of '27) McAshan feels "there is a chance for us to do better business" under the support system for the 1961-62 crop year which started in August. It reinstitutes non-recourse loans at a single support price compared to the two-choice "A & B" system in effect the past two crop years (IR, April 26). Also, the new support price is higher and, more importantly, the spread between support and the Government's resale price is far wider.

Under the A & B program last year the Government bought about 80% of the crop and resold it at pre-announced minimum prices. Under the current program the Government becomes "the residual market for only that portion of the crop not sold at or above the support level during the season." This "gives us a little more freedom" and provides "a little less opportunity for the miller to buy cotton out of the Government catalog."

Permanent reinstitution of an A & B-type program (now under consideration) might relegate "cotton merchants to the position of selling agent for their financed producer customers" and "buying agent for foreign & domestic mills." But, the stalwart executive asserts, "we will just have to roll with the punches."

Even under the restrictive Government program, Anderson Clayton in its fiscal year ended July managed t turn a profit in merchandising of US cotton for the first time in "severa years." Cotton dealer McAshan cred its two reasons: "We handled th business on a much tighter cost basi and we weren't forced to carry ove a lot of cotton at discount. There wa even a small premium" since the new loan resale price was higher than las crop year, thus absorbing all th carrying costs.

Big Store Receipts

Although domestic merchandisin operations were on a better footin in fiscal 1961, The Big Store's tota revenues slipped 8% from 1960 t $684,000,000. Pre-tax profits none theless rose to $25,000,000 fron $23,900,000. But the Federal tax bi rose by $4,164,000 because of th merger of the Panama subsidiary in to the parent and liquidation o "some other foreign interests." Thi dragged final net to $8,493,000 o $2.61 a share compared to $3.81 i fiscal 1960. In peak year 1951 reve nues topped a billion while ne came to $25,490,000 or $8.49 a share

Because of "the scattered natur of our business," company-wide re turns for the quarter ended Octobe "are not in yet." Executive McAsha reports "domestic operations are go ing well" but notes "the textile busi ness here & abroad doesn't look a good as it did three or four month ago."

AYL stock also had its peak yea in 1951 when it climbed to 64. In th ten years since, it has traded in 50½-to-32 range. The present pric of 46 is three points off the 196

high. Based on the 50¢ quarterly dividend paid consistently since 1953, the current yield is 4.3%.

While there are 3,240,000 AYL shares outstanding, over half are closely held. The founding Clayton family controls one-third. The colorful dean of the family, Truman Undersecretary of State Will Clayton, is still very busy at 82 working with Christian Herter on the Economic Mission to NATO. The Anderson part of the firm name comes from two brothers, Frank (who died in 1924) and Monroe. When Monroe died in 1939, he willed his holdings to the M D Anderson Foundation in Houston. It subsequently sold half its shares to start the Houston Medical Center.

In preparing to face the new operating conditions, AYL is "establishing our next team of management." President McAshan, a 34-year Big Store employe, points out the present group was "brought in as second generation during the Thirties," is now mostly aged 55-to-60. Therefore, "we have promoted 19 men from within the company into key positions" as well as "three new marketing men from outside. All but one are under 40." With this "third generation," old-timer McAshan feels "Anderson Clayton could run without us now."

Ample Wardrobe at United Merchants

Many Fabrics, Plastics Robert Hall Chain and Finance Units Make Up UMM

We're doing our Christmas
shopping
At Robert Hall this year,
We're saving on clothes for
Christmas
At Robert Hall this year,
Low overhead means low prices
On clothes for one and all . . .

THIS JINGLE is familiar to millions of radio & TV listeners from Coast to Hawaii and is sweet music to the ears of Jacob Walter Schwab. He is board chairman of United Merchants & Manufacturers Inc which owns the Robert Hall chain.

Robert Hall is undoubtedly the aspect of United Merchants most familiar to the public though most customers of the 350 "low overhead" clothing stores are probably unaware of the rarely identified parent. However United Merchants & Manufacturers (UMM on the Big Board) is still predominantly a textile company with emphasis on design, manufacture and distribution of fabrics. It also makes self-adhesive Con-Tact wall and furniture covering and operates four finance subsidiaries. All told, it is one of the largest integrated textile companies in the US.

In the fiscal year ended June 1961 non-textile activities accounted for about half of consolidated profits with Robert Hall contributing the largest share. One more specific set of figures: UMM's foreign business —carried on in Canada, Britain, Latin America—contributed $3,500,000 to net profits in fiscal 1961. This

comes to over one-third of UMM's total net though a company spokesman warns such a direct comparison is misleading because of tax variations, etc. But he happily remarks: "There is great growth potential in the foreign market, assuming a favorable international climate."

The UMM complex got its start in 1927 when "we literally combined a group of textile merchants and manufacturers." The biggest component was Cohn-Hall-Marx, a leading merchandiser which still heads the UMM textile parade with its Cohama and Ameritex fabrics.

Jacob Schwab started as a clerk when Cohn-Hall-Marx was founded in 1912 and became treasurer when UMM was organized. He moved up to chief executive officer in 1939 and at the age of 69 is about to start his 50th year with the company. His chief aide is 60-year-old president Merwin R Haskel who started to work at Cohn-Hall-Marx at 17. In 1939 he was elected treasurer of UMM; he won his present post in 1960. Jacob's son, Martin Schwab, is chief financial officer and one of four executive vice presidents.

One official comments: "The merger of manufacturing and merchandising interests started at the worst time possible—just before the bust of 1929. Merchandising alone held the company together during the Depression."

To maintain its success as a merchant, UMM developed and sold new materials made of synthetics, new types of treated cotton and sundry combinations. While cotton and synthetics provide the bulk of the volume, the company also sells fabrics made of silk and glass fibers.

On the record, UMM has described itself: "Our underlying principle is we are a merchandising and selling organization with the production units in a supporting role." Its manufacturing divisions operate spinning, weaving, finishing and printing mills. Despite approximately 30 major mills, the company still buys a considerable but varying amount of cloth from outsiders. This partial reliance on outside suppliers enables it to operate its own weaving mills close to capacity in both good times and bad. It also allows the company to quickly follow changed conditions and style trends.

Glass Weave

UMM's glass fibers are produced by a separate division located at Statesville, NC which spins glass fiber into yarn, then weaves it into Uni glass fabrics for curtains, draperies and industrial purposes. It sells Uni glass for everything from bulletproof vests to boat hulls and aircraft parts to golf clubs.

Moving to export its knowhow UMM in July joined with top-notch British textiler-chemist Courtaulds Ltd to set up an enterprise to manufacture glass fiber and fabric. Opportunity there is good since glass fiber usage is less advanced than in the US.

UMM has stepped from textiles into related plastics and chemicals. In early 1959 it acquired Decora Corp which manufactured the Con Tact do-it-yourself adhesives which UMM developed with Monsanto Chemical in 1954. The Decora divi

Low overhead means low prices

on has since also developed Co-arra, a leather-like expanded vinyl sed in handbags, jackets, rainwear nd upholstery.

UMM entered the financing field 5 years ago when it established nited Factors. It finances the ac-ounts receivable of various inde-endent textile companies.

But in the past few years UMM has arted to finance further afield. In 955 it formed UM&M Credit to nance sales of income producing achinery and equipment, covering nything from tractors to laundry quipment. Three years later UM&M inancial was established to lend working capital dollars against ac-ounts receivable." Its customers are metal working, apparel, toys, fur-iture, electronics, etc. Last year a urth finance subsidiary, UM&M easing, was set up to supplement e Credit activities.

While growing, these four finance ompanies are not a major aspect of 331,000,000-assets UMM. However there are no specific figures. The only hint comes in a footnote to the June 1961 annual report which states the notes receivable of the finance companies are included in the consolidated balance sheet as part of the total "trade accounts receivable" item of about $110,000,000.

Of unquestionably greater importance to UMM is its retail business. The Robert Hall chain now operates in 40 states, including a subsidiary opened last year in Hawaii. In the past ten years the number of stores has grown from 102 to 350, with 23 stores added in the past year alone. Another 10-to-15 are slated to be opened by next Fall.

The policies of store operation are the same today as they were 20 years ago. While many discount stores, etc are moving steadily toward flashier layouts in fancier locations, Robert Hall units are still generally small, one-floor buildings in low rental locations. With no elaborate display windows, Robert Hall carries mer-

chandise on simple racks for semi-self service and the "dollars go where they belong—into quality clothes." Although most other mass-volume merchants including such clothing chains as Bond Stores and Howard have introduced credit, Robert Hall has stuck stoutly to its cash & carry policy.

While UMM is a leading maker of apparel fabric, Robert Hall operates strictly on its own and is "free to buy wherever values are best." It sells equal amounts of men's & women's clothing but buys its women's & children's clothing from others since "styles change rapidly."

Current addition to Robert Hall merchandise is self-service racks of men's & boys' shoes which International Shoe is producing under the private Westerfield brand. Shoe departments have been opened in 100 stores so far. Other innovations are "Big Man's" and "Varsity" shop units in selected stores.

Decade's Score

The sum of its manifold endeavors has added to steadily higher volume for UMM and profits which have shown relative stability for the hectic textile industry. Since 1952 sales have slightly more than doubled to $472,000,000 in the June 1961 year. In addition earnings have advanced from $7,000,000 or $1.49 a share at the start of this ten-year span to $9,760,000 ($1.63) in fiscal 1961. In the intervening years profits have bounced between a high of $15,500,000 (1955) and a low of $7,150,000 (1958).

Among the reasons for last year's 32% earnings drop from the $14,340,000 of fiscal 1960 (the secon best year ever) were poorer busines during the recession while competi tion—both domestic from discoun houses and imports—was keen. Th cool Spring was another factor i the decline. Also there were majo start-up expenses for new units an projects.

Things have looked up a bit i fiscal 1962 with September quarte earnings of 37¢ a share *v* 27¢ an the December quarter expected t top last year's 77¢. Along with it textile colleagues, UMM is als cheered by President Kennedy's o der to the Tariff Commission to stud the problem of cotton textile impor made with bargain-priced-for-abroa US cotton. Liberalized depreciatio allowances for textile machinery another hopeful factor.

The 27,000 holders of the 5,98 000 UMM shares also appear mode ately hopeful. After reaching a hig of 23⅝ in 1955, the stock started long slide to around 11 in late 195 Then it climbed again and early th year pushed fractionally to a ne alltime peak of 24¼. The shares no trade around 23, a solid six poin above last year.

Over the longer term, investo have fared even better. One of t day's shares could have been picke up for less than a dollar in 193 Dividends have been conservati but steady with no interruption sin 1940. For the past ten years the ra has been an unwavering 25¢ a qua ter, occasionally supplemented by fiscal year-end extra in cash or stoc The last was a dime a share in Ju 1960.

Top Ten Business News Events of 1961

Ballot counting basis: five points, first choice; four points, second choice; etc.

	Number of First Choice Votes	Total Number of Mentions	Vote: Total Count
New highs for the stock market amid near-record volume	35	75	297
Economy scores a good recovery but is not without problems	18	52	182
SEC maps a major survey of Wall Street, meantime steps up drive against abuse of rules	6	58	178
Heavy spending for defense—plus higher outlays in other areas—bring large deficit and prospects of continued budget unbalance	11	43	146
Militant antitrust activities, especially almost automatic opposition to major mergers, create an anti-business aura in Washington	10	49	132
Disillusion with glamor stocks while more conservative issues shine	11	39	129
The price fixing mess in electrical equipment	9	33	113
The gold outflow, though substantially slowed, continues to be troublesome	5	41	101
The flood of "hot" new issues, especially in early 1961, and the problems of excessive speculation	6	33	97
Britain seeks to join the thriving European Common Market	6	30	81

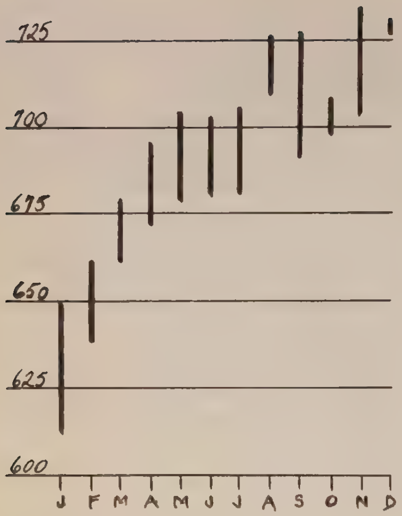
N THE eleventh annual INVESTOR'S READER poll, the managers f the 147 Merrill Lynch offices from ong Kong to Brooklyn ranged idely over the most important busiess and financial news events of the ear. Their Top Ten picks are above.

The customary ground rules barred eneral news items such as Man-in-pace, Berlin or Katanga though in s own way each makes its impact elt in business.

Unlike most past years when one vent dominated nearly all the ballots—the Gold Outflow of 1960, the teel Strike of 1959, the Tight-to-asy Money Switch of 1957—there was no such powerful consensus in 1961. This year's winning vote was the lowest racked up by any No 1 event since 1954 when there were one-fourth fewer Merrill Lynch offices—and hence voters.

One special consideration is in two major areas—stock and antitrust actions—news seemed to fall into several distinct categories. Thus, in their look at Wall Street, the poll participants gave first attention to the major securities market, as represented by the principal stock averages and New York Stock Exchange volume.

In terms of the popular Dow-Jones industrials yardstick, the market



started the year by picking up the 1960 year-end rally at a little above 600, moved vigorously past the old alltime high of 685 in April, crossed 700 in May. After that the course became more wavy but ascended to 734 in mid-November (see chart).

Volume of trading also picked up sharply late last year and ran at the highest rate in history during the first half. After a slower Summer, 4,000,000-plus share days have again been the rule of late and this will be the first billion-share year since 1929 (see page 1).

While the general market was mostly strong, diversity ruled even more strongly, as many voters (and undoubtedly investors and traders) noted. Many stocks in such glamor fields as electronics and cosmetics and newish favorites like bowling and vending and teaching machines were pushed to price-earnings ratios of 40, 50 or even higher.

But as prospects for many suc companies became more remote an competition far keener, enthusias lagged and soon the stocks tumble Thus electronics stocks in the Merri Lynch index are now 19% belo their high, vending 29%; many in dividual stocks fell far more. On wise observer described the situ tion: "Collapse in profit margins i the electronics industry coincide with surplus capacity resulted i large decline in investor interest an in stock prices."

Meantime the "blue chip bull mar ket" featured substantial gains in large number of "defensive" group including utilities, retail and food Bank, life insurance, tobacco stoc also rose sharply. As one manag summed up the year: "Speculato score early but widows & orpha leading at the finish."

Yet another aspect of Wall Stre 1961 was the "hot issues market" many small or financially unknow companies scrambled to go publi Success of some offerings spurred chain reaction of eager demand f most any new issues in a glamorou sounding field, often carried pric to towering peaks and helped pr mote a more general speculati frenzy. This in turn brought som earnest, and in good part successf warnings from various responsib Wall Street leaders.

Kiss and Kick

On the Washington front, a fee ing of "not friendly to business" h been generated which Administr tion protestations (and some a tions) have been unable to disp A key factor is the Justice Depa

ient with what poll participants call is "intolerant attitude" and "use of ntitrust hammer in practically all uggested mergers."

Of course, various non-Justice acons also figure in the Washington titude, including the Presidential tter pressing for a hold-the-line in eel prices when there is no effective surance on wages. On the friendly de, the manager-voters hailed the ove toward liberalized depreciation ules, increased recognition of rail nd airline problems, etc. To one obrver it added up to "a kiss and a ck by the same Government."

Both morally and historically, part from the general antitrust acons, the voters recognized as a mar event the price collusion exposed electrical equipment. These cases ere of course developed and largely rosecuted under Ike.

Another distinct antitrust item (it nished eleventh in the Top Ten oll) was the Supreme Court order at duPont must definitely dispose its GM stock.

Demure Recovery

On business in general, the Merll Lynch managers expressed mostgratification at the recovery with dustrial production up to a record 13 (*v* 111 before the dip, 102 at the w) and Gross National Product ow estimated at a $535 billion anual rate (it had eased from $506 to 501 billion). But there was also ome dismay the upsurge was not ore visibly exhilarating. While amle spare capacity in most industries as one important factor, principal lame was placed on consumers. or example, one ballot read: "Consumer spending, where are you?"

Actually, except for a slight (less than 1%) dip in the first quarter, consumer expenditures continued to move higher all along. What disappointed producers and retailers was that citizens funneled an increasing portion of their rising income into savings (up from 6.3% at the start of 1960 to 7.3% in the 1961 third quarter). At the same time their spending for services continued to climb sharply. This left less for spending on consumer goods, especially durables.

However, auto sales now boom with the '62s and Christmas shoppers are in the most lavish mood ever. Industry for its part is planning to boost capital expenditures. All this creates confidence in a high-level economy for 1962.

Even so, the recovery has not wiped out some causes for concern. The two most prominent: 1) continued pressure on profit margins; 2) unemployment remains high, though, after a year near the 7% level, it finally dropped to 6% in November and some modest further improvement is hoped for.

One old standby among the Biggest Business Events since the poll was started in 1950 has dropped from contention this year. Only a handful of managers mentioned the Federal Reserve's credit policies; just as large a number put in a word for the new debt management efforts (refunding to stretch out debt, etc).

Instead the monetary concern is riveted on the country's balance of payments problem. But while last year's vast gold outflow was easily

the top event of 1960, the easing of the crisis early this year brought with it a lessening of attention.

Helpful on the international scene was the increased co-operation among central bankers and fiscal authorities to provide more international monetary stability and prevent currency raids. Practical applications included the upward revaluation of the German mark and Dutch guilder and adjustment of credit rates by several nations to discourage international shifts of "hot" money. A supplemental US step this month was the Fed's permission to member banks to raise their savings and time deposit rates to 3½% now, 4% next July; this not only puts the commercial banks in better position to compete with savings & loaners for domestic savings but also enables them to hold foreign short-term investments, repatriate US funds.

Basically, of course, most everyone recognizes long-range defense of the dollar requires internal fiscal discipline (pronounced: balanced budget), control of production costs and limitations on the nation's balance of payments deficits. Despite the anguished cry of those hurt by import competition, the fundamental problem is not foreign trade; the US this year will sell $4½ billion more goo abroad than it buys from oversea A vital necessity is to get oth prosperous nations to accept a fu share of the huge commitmen needed to defend the Free World an build up underprivileged nations.

In addition to the Top Ten, th poll participants' votes were cast f a number of other significant deve opments. Among the also-rans:

- The GM extra dividend and su sequent rush of extras, hikes an splits by other large companies (s page 1).
- The brief strikes at GM and Fo despite rather peaceful settlement overall contracts and the preceden shattering profit sharing contra signed by American Motors.
- The dramatic upsurge, then r lapse in soybeans in the first half the year.
- The Treasury's abandonment unrestricted silver sales as its ba gain-priced stocks neared exhau tion.
- The Murchison victory at All ghany Corp.
- The rush of established retaile to establish discount operations.
- The attempted "Pay Pause" shore up the British economy.
- The bull market in The Twist.

Season's Greetings From

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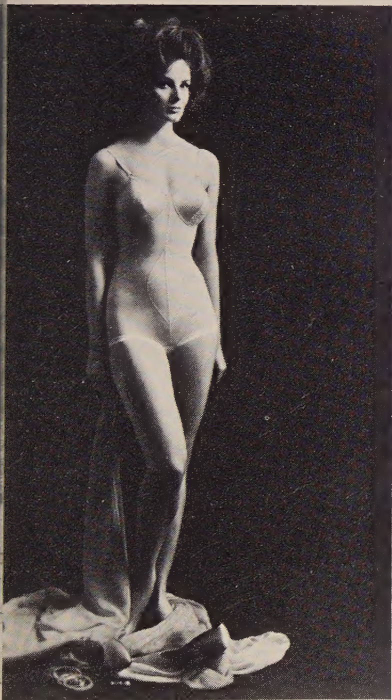
WARMED BY WARNER

She is clad in her Birthday Suit—the tradename Warner Brothers Com-ny (no relation to the movie maker) has picked for its newest foundation rment made of duPont's Lycra. Warner president John W Field relates: Next year all our new styles will be made of Lycra." He credits lightweight, easy-to-care-for Lycra for "part" of the company's record volume this year. While Warner Brothers is by no means the exclusive buyer of the duPont spandex fiber, Jack Field claims "we were the first to work with duPont on it seven years ago." Lycra girdles & bras bounced on the market in early 1960.



President & treasurer Field estimates 1961 volume at $45,000,000, up from $31,400,000 last year. While "each division showed a sales increase," a portion of the robust gain is due to full-year inclusion of famed shirt maker CF Hathaway as well as quality lingerie producer Laros Inc. Both were acquired in the Fall of 1960.

More importantly, 47-year-old Jack Field estimates 1961 profits climbed to $1.60 from $1.35, based on average shares outstanding. One big profit gainer was foundation garments, made by the beguilingly re-named Slimwear division, which account for three-fifths of Warner's usiness. The other major contributor to improved profits was the packaging vision which sells "high quality boxes" to independents as well as to its rent, accounts for one-tenth of Warner volume.

Dating back to 1874 Warner Brothers has sturdy family foundations with lf a dozen second & third generation Warners as officers or directors. ck Field, a founder's great-grandson, is a Phi Bete from Yale ('37) and former *Time* writer who joined Warner in 1946. He succeeded his father ow chairman) as president four years ago.

Warner's family of owners was greatly enlarged in May when the first blic offering multiplied stockholders from 350 to 3,000. The stock now ades over-the-counter around 24 (a point above the offering price) and ck Field thinks a move to the Big Board is "a very good possibility" ring the coming year.

This is a news and educational publication about financial and business matters. Articles are selected for their news or general interest and should not be considered a recommendation to buy or sell securities.

HIGH TIME

At this moment, you are older than you have ever been before—and younger than you will ever be again. Obvious? Perhaps. But worth thinking about in the light of your financial situation, especially at the traditional time for resolutions.

Ask yourself what you have done about preparing financially for your children's education, your own retirement, the realization of your most cherished dream. If the answer is little or nothing, then it's high time you did something about putting to work any money you can spare so that it can earn more money for you—high time you invested in some good common stocks with possibilities of growth in the years to come.

Perhaps you've considered the idea but have hesitated to make your first purchase because you think the market is too high. The averages have been high lately; there's no doubt about that. But you don't buy the averages. You buy one stock—or two or three. And there never is a time when every stock is overpriced, when there is nothing worth buying.

If you have the money and the inclination to invest and your only problem is which stock to choose, won't you let us know? We'll be glad to help. Come in, telephone, or write.

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